

LOC Questions and Clarifications Memorandum

To: Solicited Vendors for Letter of Configuration (LOC) Number 44558 dated August 15, 2018, for the Mississippi Department of Information Technology Services (ITS)

From: Craig P. Orgeron, Ph.D.

Date: August 24, 2018

Subject: Responses to Questions Submitted

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LOC Number 44558 is hereby amended as follows:

1) Item 4.10 is being deleted:

~~Sixty (60) days prior to the expiration of the initial software support period or any renewal term thereof, the awarded Vendor shall notify Customer in writing of the impending expiration, and Customer shall have thirty (30) days in which to notify the awarded Vendor of its intentions to either renew or cancel any further software support. In no event shall the cost for software support increase by more than 5% per year.~~

2) Item 5.1.2.2 is being modified to read:

Please provide a detailed explanation of the relationship of who will be providing the requested support, to whom the purchase order is made, and to whom the remittance will be made. ~~If there is a difference in the year one support purchase versus subsequent years of support, the responding Vendor must clarify and explain.~~

3) Item 5.1.3 is being deleted:

~~Manufacturer Direct Maintenance when sold directly through the manufacturer: Fixed Cost~~

~~If responding Vendor is the direct manufacturer, he must propose annual fixed pricing for three years of the requested maintenance. Vendor must provide all details of the maintenance/support and all associated costs.~~

~~It is ITS' preference that the Manufacturer's proposal is a not-to-exceed firm commitment. In the event that the manufacturer cannot commit to a fixed cost for the subsequent years~~

~~of maintenance after year one, Manufacturer must specify the annual maintenance increase ceiling offered by his company on the proposed products. Vendor must state his policy regarding increasing maintenance charges. Price escalations for Maintenance shall not exceed 5% increase per year.~~

4) Item 5.1.4 is being deleted:

~~Manufacturer Direct Maintenance when sold through 3rd Party: Fixed Cost-Plus Percentages~~

~~In the case of a third-party "pass-through" ITS realizes that the responding reseller may not be able to guarantee a fixed price for maintenance after year one since his proposal is dependent on the manufacturer's pricing or possibly on a distributor's pricing.~~

~~It is ITS' preference that the responding reseller work with the manufacturer to obtain a commitment for a firm fixed price over the requested maintenance period.~~

5) Item 5.1.5 is being deleted:

~~In the event that the responding reseller cannot make a firm fixed maintenance proposal for all the years requested, the responding reseller is required to provide a fixed percentage for his mark-up on the manufacturer direct maintenance that he is selling as a third party reseller in lieu of a price ceiling based on a percentage yearly increase.~~

~~In this scenario, Resellers must include in the Pricing Spreadsheets the price the Vendor pays for the maintenance and the percentage by which the final price to the State of Mississippi exceeds the Vendor's cost for the maintenance (i.e. cost-plus percentage).~~

~~Alternatively, Resellers may propose a fixed percentage for their mark down on the manufacturer's direct maintenance based on a national benchmark from the manufacturer, such as GSA, Suggested Retail Price (SRP) or the manufacturer's web pricing. This national benchmark pricing must be verifiable by ITS during the maintenance contract.~~

The following questions were submitted to ITS and are being presented as they were submitted, except to remove any reference to a specific vendor. This information should assist you in formulating your response.

Question 1: There is a discount if the license is renewed for three years instead of the requested one year. Would you be interested in the three year option as well?

Response: No. ITS requests a one year renewal.

Question 2: It appears from the Cost Information Form (Attachment A) that the State is only looking for One year costs. However, there are several questions beginning with Item 5.1.2.2 that reference subsequent year pricing. Is the LOC asking for only one year pricing or are you looking for subsequent years beyond one? It appears that perhaps you are looking for firm pricing for year one and firm or percentage above costs for two subsequent years. Is that correct? So this would be a three year contract in that case?

Examples:

5.1.2.2 If there is a difference in the year one support purchase versus subsequent years of support, the responding Vendor must clarify and explain.

5.1.3.1 ... must propose annual fixed pricing for three years of the requested maintenance.

5.1.3.2 In the event that the manufacturer cannot commit to a fixed cost for the subsequent years of maintenance after year one,

5.1.4.1 In the case of a third-party “pass-through” ITS realizes that the responding reseller may not be able to guarantee a fixed price for maintenance after year one

5.1.5 In the event that the responding reseller cannot make a firm fixed maintenance proposal for all the years requested

5.1.6 Refers to the “life of the award”

Response: See the clarifications above.

LOC responses are due Wednesday, September 5, 2018, at 3:00 p.m. (Central Time). If you have any questions concerning the information above or if we can be of further assistance, please contact Jill Chastant at 601-432-8214 or via email at jill.chastant@its.ms.gov.

cc: ITS Project File Number 44558